

1                                   **HOUSE CONCURRENT RESOLUTION NO. 124**

2                    (By Delegates Perry, Hall, Moore, Reynolds, Cann,  
3                    Ferns, Frazier, Hartman, Iaquina, Mahan, Manchin,  
4                    Michael, Shaver, Stowers, Ashley, Walters,  
5                    Carmichael, Nelson, and O'Neal)

6  
7                    (Originating in the Committee on Banking and Insurance)

8  
9                                   (March 3, 2011)  
10

11 Requesting the Joint Committee on Government and Finance to conduct  
12                    a study on the possible need to regulate the rental network  
13                    PPO market in West Virginia.

14                    WHEREAS, A "preferred provider organization" is a managed care  
15 organization of various health care providers, which may include  
16 doctors, hospitals and other providers who have contracted with an  
17 insurer or a third-party administrator to provide health care  
18 services at reduced rates to the insurers or administrator's  
19 clients who subscribe for participation in the organization; and

20                    WHEREAS, The health insurance market has developed a secondary  
21 market in physician and other healthcare provider discounts  
22 consisting of entities that are engaged in developing health care  
23 provider panels and then leasing the panels and associated  
24 discounts to various entities to various payers, including but not  
25 limited to, third party administrators acting on behalf of a self-  
26 insured employer or managed care organization that does not have a  
27 network in a particular market; and

28                    WHEREAS, These entities are often called "rental network PPOs";

1 when the provider discount is shared without authorization from the  
2 provider, the arrangement is often referred to as a "silent PPO";  
3 and

4       WHEREAS, Physicians and other healthcare providers are  
5 concerned that rental network PPO companies in some instances lease  
6 their discounted rate without providing notice to the provider of  
7 the persons and entities that are entitled to the discount under  
8 the lease of the contract; and

9       WHEREAS, When a third party entity inappropriately accesses the  
10 network and discount, even though it lacks any privity of contract  
11 with the providers in the network, the providers may be deprived of  
12 rightful reimbursement, and as a result thereof, the integrity of  
13 the PPO agreement may be subverted;

14       WHEREAS, Although this secondary market has existed for a  
15 number of years, it is growing in prevalence throughout the country  
16 and in many cases without any regulation or oversight; and

17       WHEREAS, The National Conference of Insurance Legislators  
18 researched this issue over a period of three years and in 2008  
19 adopted the model Rental Network Contract Arrangements Act which is  
20 intended to provide means to assist physicians and other healthcare  
21 providers to identify illegitimate discounts and will authorize  
22 them to deny their discounts to noncomplying entities; and

23       WHEREAS, Concerns have been raised about the provisions of the  
24 model act, including, but not limited to, the usefulness of simply

1 registering the networks over which the insurance commissioner will  
2 otherwise have no authority, as well as the suitability of methods  
3 of enforcement; and

4       WHEREAS, Other states have passed rental network laws based on  
5 over the past three years; therefore, be it

6       *Resolved by the Legislature of West Virginia:*

7       That the Joint Committee on Government and Finance is hereby  
8 requested to study the possible need to regulate the rental network  
9 PPO market in West Virginia; and, be it

10       *Further Resolved,* That the Joint Committee on Government and  
11 Finance report to the Legislature, on the first day of the regular  
12 session, 2012, on its findings, conclusions and recommendations,  
13 together with drafts of legislation necessary to effectuate its  
14 recommendations; and, be it

15       *Further Resolved,* That the expense necessary to conduct this  
16 study, to prepare a report and to draft necessary legislation be  
17 paid from legislative appropriations to the Joint Committee on  
18 Government and Finance.